



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** March 15, 2011

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Airport Department

**SUBJECT:** Acceptance Of Federal Aviation Administration Airport Improvement Program Grant Offer For Santa Barbara Airport

### **RECOMMENDATION:**

That Council accept and authorize the Airport Director to execute, on behalf of the City, a Federal Aviation Administration Airport Improvement Program Grant offer in an amount not to exceed \$2,800,000 to be distributed in two or three phases for the Airline Terminal Improvement project and the preparation of an Airport Master Plan.

### **DISCUSSION:**

#### Background

The Airport and Airway Trust Fund, established by the Airport and Airway Revenue Act of 1970, provides revenues to be used to fund Airport Improvement Program (AIP) projects. The Trust Fund concept guarantees a stable funding source whereby users pay for the services they receive.

The Federal Aviation Administration (FAA), under authorization from the United States Congress, distributes AIP funds each year. Half of each year's authorized level of funding is distributed to all eligible commercial service airports through an entitlement program that guarantees a minimum level of federal assistance each year based on prior year passenger enplanement levels. The remaining AIP funds are distributed on a discretionary basis.

However, Congress has failed to pass new legislation and the FAA has been operating under a Continuing Resolution since 2008 with the current Resolution extending operations through March 31, 2011. Anticipating that the FAA will either have new long-term legislation or another Resolution, the FAA Airport District Office will be issuing annual AIP grants in two or three phases. The total funding amount for the 2011 entitlement grant is estimated at \$2,800,000.

### Grant Projects

Two projects are proposed for the Federal Fiscal Year 2011 allocation: the Airline Terminal Project and development of an Airport Master Plan. The original budget for the Airline Terminal Project included approximately \$12,500,000 in Airport Improvement Program grants. Under the 2011 grants, an estimated \$2,100,000 will be used for constructing the public area, roadways, and ramp for the new terminal project.

The second project is a request for planning funds for an Airport Master Plan. The FAA requires that airports maintain a Master Plan, and the Plans are updated every 5 to 10 years. The Airport's Master Plan was last updated in 2001. The Plan will look at several issues including, but not limited to: the relocation of all general aviation facilities and services to the northern portion of the airfield; enhanced circulation and safety of the Airport's taxiway system; and Airline Terminal short and long term parking.

### Grant Offer

Airport staff has been verbally notified by the FAA that the Airport Improvement Program Grant application has been approved and funds for the first allocation, Part A of AIP-43, will be available before March 31, 2011. The second allocation would be distributed on or before July 31, 2011.

In order to meet the FAA's deadline for acceptance of the grant award, staff is requesting early authorization, based upon the agency's verbal notification, for the Airport Director to execute the grant agreements for the Federal Fiscal Year 2011, when the actual documents with the specific fund amounts arrive.

### **BUDGET/FINANCIAL INFORMATION:**

Upon receipt of the actual grant agreements, staff will return to Council to appropriate the grant revenue and matching sponsor share, 5% of the total project cost, which will be funded from Airport reserves above policy requirements.

**PREPARED BY:** Hazel Johns, Assistant Airport Director

**SUBMITTED BY:** Karen Ramsdell, Airport Director

**APPROVED BY:** City Administrator's Office